annual report 2009

Cummins District Financial Services Limited

ABN 11 068 049 178

Cummins District **Community Bank®** Branch

Contents

Chairperson's report

For year ending 30 June 2009

As we approach the ninth anniversary of the **Community Bank®** concept in our Community, I am pleased to present to you the 2009 Annual Report of Cummins District Financial Services Limited.

Once again we enjoyed many significant highlights during the financial year, but I cannot let pass the exceptional occurrence in our branch winning the National Hall of Fame award at the **Community Bank®** conference in September.

This is a wonderful recognition of the hard work and dedication of our team: staff, Board and shareholders, but most importantly, our customers. So thank you once again to Chris Miller, Caro Meyers, Patrina Coombs, Kerry Head, Vicki Phillips, Kate Hancock (currently on maternity leave) and Josie Turnbull (recently left). We are also pleased to welcome to our staff team, Bernie Redden and Mel Richardson.

I would also like to take this opportunity to thank my fellow Directors for their hard work and support during the year. We have welcomed three new Directors in Scott Bascombe, Darren Kelly and John Wood and they have all contributed to the workings of the Board in a positive manner. Personally, I would especially like to thank Peter Glover, who has taken on many of the tasks of the Chairman position in the past few months whilst I have been away.

As Chris has mentioned in his report, we have continued to have growth, not-withstanding the effects of the global financial crisis, and we once again anticipate a healthy dividend and significant contributions to the Community through the grants program. Presentations of grants to successful Community groups will be made at our Annual General Meeting and we invite all to attend and enjoy the difference that our bank branch has made to our Community.

Please be assured that your Board of Directors will continue to strive to seek the right directions and make the best decisions of your behalf and thereby continue to strengthen not only our Company but the whole Community. We do ask that you, our shareholders, also support the endeavours of ourselves and our staff and continue to be ambassadors for our bank branch; explore whether you can bring more of your banking business to us (thank you to those for whom we are already your sole bank), encourage your friends, neighbours and family to recognise the point of difference between our **Community Bank®** branch and all other financial institutions.

We are here to support our Community!

Dianne M Modra

Dianne Modra

Chairperson

Manager's report

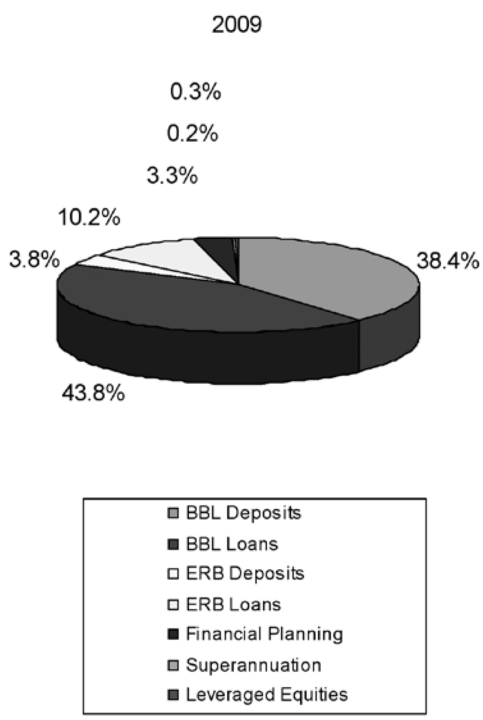
For year ending 30 June 2009

The past year has seen some enormous challenges confront the banking industry with the emergence of the global financial crisis, however it is testament to the stability of your **Community Bank®** branch that growth, whilst not as significant as past years, has still been achieved.

Total business held as at the end of the 2009 financial year was $106.5 million. Looking back on the past year and making comparison to the previous year the table and pie chart below provide a snapshot of performance.

Product	2009 $ million	2008 $ million
Bendigo and Adelaide Bank Ltd deposits	40.9	37.5
Bendigo and Adelaide Bank Ltd loans	46.7	45.8
Elders Rural Bank deposits	4.0	5.2
Elders Rural Bank loans	10.9	11.8
Financial Planning	3.5	2.8
Superannuation	0.2	0.3
Leveraged Equities	0.3	
Total	**106.5**	**103.4**

Business growth of $3.1 million has been achieved in the 2009 financial year, which equates to 3.0%. Lending activity, however, did drop off during this reporting period with approvals compared to the previous year decreasing by 17.4%.



Our customers are to be commended for their support of your **Community Bank®** branch. Without their support your **Community Bank®** branch would not have been able to deliver and contribute to the social and economic prosperity of the Community in the way it has.

From a shareholders viewpoint it is important that you endeavour to do as much of your banking as possible with your **Community Bank®** branch to ensure our activity levels remain consistent and foster growth of the banking business. I also

Manager's report continued

encourage you to talk to your relations, friends and peers, who may not be using this branch at the present time, and let them know of the benefits of doing business with your **Community Bank®** branch. After all, what other organisation can provide all of your financial needs by delivering a complete and comprehensive range of products and at the same time, by simply banking, retain capital in the Community - your capital.

One of the many services we provide is financial planning. Our financial planner is Malcolm Caire who visits the branch on a monthly basis. Financial planning is something most people require at some stage of their life, so if you are at the stage of requiring assistance to achieve your financial goals, whether it be investing, superannuation, life insurance or income protection - please contact the branch and make an appointment to see Malcolm.

To open up new markets during the year your **Community Bank®** branch opened an Agency in Wudinna. The Agent is the Wudinna & District Telecentre with this organisation being a like minded Community group. The Agency is staffed by the Agent however your branch staff provide support and Management responsibilities as the Agency is attached to the Cummins District **Community Bank®** Branch.

A special thank you to all of your staff as they strive to deliver a high level of service to our customers at all times. During the year our team comprised of Kerry Head, Patrina Coombs, Caro Meyers, Vikki Phillips, Kate Hancock and Josie Turnbull. All of your staff contributed to the continued success of the branch. Josie has since left the team, however we welcome Bernie Redden & Mel Richardson who have recently joined our team.

Your **Community Bank®** branch continues to honour their role and responsibilities to the Community like no other organisation can and ever will, so please keep the support coming and not only will your branch reward you personally for this support but you will also see the community benefit.

Chris Miller
Branch Manager

Directors' report

For year ending 30 June 2009

Your Directors submit the financial report of the Company for the financial year ended 30 June 2009.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year are:

Dianne Modra
Chairman
Farmer/Student

Peter Cabot (resigned 10 November 2008)
Director
Farmer

Michael Howell
Director
Manager

Peter Glover
Director
Farmer

Darren Smith
Director
Business Owner

John Wood (appointed 10 November 2008)
Director
School Teacher

Scott Bascombe (appointed 10 November 2008)
Director
Owner/Manager, Sales & Mechanical

Leo Haarsma
Director
Retired Businessman

Wendy Holman
Director
Retired Teacher

Jeffrey Pearson (resigned 10 November 2008)
Director
Farmer

Jarrod Phelps
Director
Farmer

Phillip Minhard (resigned 10 November 2008)
Director
Farmer

Darren Kelly (appointed 10 November 2008)
Director
Retail Owner

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the Company.

Principal activities

The principal activities of the Company during the course of the financial year were in providing **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Ltd.

There has been no significant changes in the nature of these activities during the year.

Directors' report continued

Operating results

Operations have continued to perform in line with expectations. The profit of the Company for the financial year after provision for income tax was $76,091 (2008: $63,056).

	Year ended 30 June 2009	
Dividends	**Cents per share**	**$**
Dividends paid in the year:		
- Interim dividend paid	10	43,581

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report.

Significant events after the balance date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Likely developments

The Company will continue its policy of providing banking services to the community.

Directors' benefits

For the Secretary role Wendy Holman was paid $600 for the year ended 30 June 2009 (2008: $1,800).

Kerry Head replaced Wendy Holman as Secretary of Cummins District Financial Services Ltd from 10 November 2008 and no payments were made to her for the year ended 30 June 2009.

Apart from the above, no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

Indemnification and insurance of Directors and Officers

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or Managers of the Company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company or a related body corporate.

Directors' report continued

Directors' meetings

The number of Directors' meetings attended during the year by each of the Directors were:

Number of meetings held:	**13**
Number of meetings attended:	
Dianne Modra	13
Leo Haarsma	9
Wendy Holman	11
Peter Cabot (resigned 10 November 2008)	5
Jeffrey Pearson (resigned 10 November 2008)	4
Michael Howell	11
Jarrod Phelps	11
Peter Glover	13
Phillip Minhard (resigned 10 November 2008)	4
Darren Smith	10
John Wood (appointed 10 November 2008)	7
Darren Kelly (appointed 10 November 2008)	6
Scott Bascombe (appointed 10 November 2008)	6

Company Secretary

Wendy Holman was the Company Secretary of Cummins District Financial Services Ltd for 2 years up until she resigned on 10 November 2008. Mrs Holman is a qualified secondary teacher with over 20 years of teaching and administration experience, with a pro-active involvement in local community committees for the past 18 years. For the past 5 years she has held the office of Chair of the Lower Eyre Health Services Ltd, managing the Cummins and Tumby Bay Health units. A mother, grandparent and partner in the family farming enterprise.

Kerry Head is currently the Customer Service Supervisor and Company Secretary for the Cummins District **Community Bank®** Branch. Mrs Head was appointed Company Secretary on 10 November 2008. She recently moved to Cummins and married a local man in the community, Patrick Head who works for the local Landmark - Cummins Agricultural Services.

Corporate governance

The Company has implemented various corporate governance practices, which include:

(a) Director approval of operating budgets and monitoring of progress against these budgets;

(b) Ongoing Director training; and

(c) Monthly Director meetings to discuss performance and strategic plans.

Auditor independence declaration

The Directors received the following declaration from the Auditor of the Company:

Richmond Sinnott & Delahunty

Chartered Accountants

Richmond Sinnott & Delahunty
Chartered Accountants

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

18 September 2009

The Directors
Cummins District Financial Services Limited
PO Box 20
CUMMINS SA 5631

Dear Sirs

Auditor's Independence Declaration

In relation to our audit of the financial report of Cummins District Financial Services Limited for the year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Signed in accordance with a resolution of the Board of Directors at Cummins, South Australia on 18 September 2009.

Peter Glover

Director

Financial statements

Income statement
For year ending 30 June 2009

	Note	2009 $	2008 $
Revenue from ordinary activities	2	871,885 -	832,041
Employee benefits expense	3	(269,983)	(230,349)
Depreciation and amortisation expense	3	(27,437)	(28,601)
Charitable donations & sponsorship		(283,382)	(289,810)
Administration & other expenses from ordinary activities		(189,387)	(187,910)
Profit before income tax expense		**101,696**	**95,371**
Income tax expense	4	25,605	32,315
Profit after income tax expense		**76,091**	**63,056**

Earnings per share (cents per share)			
- basic for profit for the year	22	17.46	14.47
- diluted for profit for the year	22	17.46	14.47
- dividends paid per share	21	10.00	10.00

The accompanying notes form part of these financial statements.

Balance sheet
As at 30 June 2009

	Note	2009 $	2008 $
Current assets			
Cash assets	6	171,567	161,220
Receivables	7	87,163	91,406
Other assets	10	36,634	11,609
Total current assets		**295,364**	**264,235**
Non-current assets			
Property, plant and equipment	8	150,685	148,824
Intangible assets	9	23,081	33,862
Total non-current assets		**173,766**	**182,686**
Total assets		**469,130**	**446,921**
Current liabilities			
Payables	11	16,303	28,037
Current tax liabilities	4	8,361	11,697
Provisions	12	15,849	11,080
Total current liabilities		**40,513**	**50,814**
Total liabilities		**40,513**	**50,814**
Net assets		**428,617**	**396,107**
Equity			
Share capital	13	435,809	435,809
Accumulated losses	14	(7,192)	(39,702)
Total equity		**428,617**	**396,107**

The accompanying notes form part of these financial statements.

Statement of cash flows
As at 30 June 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Cash receipts in the course of operations		945,758	877,359
Cash payments in the course of operations		(835,358)	(803,553)
Interest received		15,938	16,449
Income tax paid		(28,941)	(25,591)
Net cash flows from operating activities	**15b**	**97,397**	**64,664**
Cash flows from investing activities			
Payments for property, plant and equipment		(18,810)	(18,279)
Proceeds from sale of property, plant and equipment		293	-
Payments for investments		(24,952)	(5,000)
Net cash flows used in investing activities		**(43,469)**	**(23,279)**
Cash flows from financing activities			
Dividends paid		(43,581)	(43,581)
Net cash flows used in financing activities		**(43,581)**	**(43,581)**
Net decrease in cash held		**10,347**	**(2,196)**
Add opening cash brought forward		161,220	163,416
Closing cash carried forward	**15a**	**171,567**	**161,220**

The accompanying notes form part of these financial statements.

Statement of changes in equity
As at 30 June 2009

	Note	2009 $	2008 $
Share capital			
Ordinary shares			
Balance at start of year		435,809	435,809
Issue of share capital		-	-
Balance at end of year		**435,809**	**435,809**
Retained earnings / (accumulated losses)			
Balance at start of year		(39,702)	(59,177)
Profit after income tax expense		76,091	63,056
Dividends paid		(43,581)	(43,581)
Balance at end of year		**(7,192)**	**(39,702)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2009

Note 1. Basis of preparation of the financial report

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared on an accruals basis and is based on historical costs (except for land and buildings and available-for-sale financial assets that have been measured at fair value) and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report was authorised for issue by the Directors on 18 September 2009.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS'). Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

(c) Significant accounting policies

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2008 financial statements.

Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements continued

Note 1. Basis of preparation of the financial report (continued)

Investments

Investments are recorded at cost.

Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Plant & equipment (diminishing value method)	10.00% - 40.00%
Motor vehicles (diminishing value method)	25.00%
Buildings (prime cost method)	2.50%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

Note 1. Basis of preparation of the financial report (continued)

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Note 1. Basis of preparation of the financial report (continued)

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Interest bearing liabilities

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Contributed capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Note 2. Revenue from ordinary activities

	2009 $	2008 $
Operating activities		
- services commissions	854,812	814,527
Non-operating activities:		
- interest received	15,938	16,449
- rebates received	1,135	1,065
Total revenue from ordinary activities	**871,885**	**832,041**

	2009 $	2008 $

Note 3. Expenses

	2009 $	2008 $
Employee benefits expense		
- wages and salaries	242,279	207,781
- superannuation costs	21,622	18,423
- workers' compensation costs	1,313	1,216
- other costs	4,769	2,929
	269,983	**230,349**
Depreciation of non-current assets:		
- plant and equipment	14,127	15,351
- buildings	2,529	2,468
Amortisation of non-current assets:		
- intangibles	10,781	10,782
	27,437	**28,601**
Bad debts	200	787
Loss on sale of plant & equipment	-	719

Note 4. Income tax expense

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2009 $	2008 $
Prima facie tax on profit before income tax at 30%	30,509	28,611
Add / (less) tax effect of:		
- Non-deductible expenses	1,596	3,704
- Prior year overprovision for tax	(6,500)	-
Income tax expense	**25,605**	**32,315**
Tax liabilities		
Current tax payable	**8,361**	**11,697**

Notes to the financial statements continued

	2009 $	2008 $

Note 5. Auditors' remuneration

Amounts received or due and receivable by

Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	**3,650**	**3,650**

Note 6. Cash assets

Cash at bank and on hand	**171,567**	**161,220**

Note 7. Receivables

Accrued income	2,975	5,888
Trade debtors	84,188	85,518
	87,163	**91,406**

Note 8. Property, plant and equipment

Land		
Freehold land at cost	10,000	10,000
Buildings		
At cost	101,167	101,167
Less accumulated depreciation	(20,111)	(17,582)
	81,056	**83,585**
Plant and equipment		
At cost	141,861	123,344
Less accumulated depreciation	(82,232)	(68,105)
	59,629	**55,239**
Total written down amount	**150,685**	**148,824**

Notes to the financial statements continued

	2009 $	2008 $

Note 8. Property, plant and equipment (continued)

Movements in carrying amounts

	2009 $	2008 $
Land and building		
Carrying amount at beginning of year	93,585	93,575
Additions	-	2,478
Depreciation expense	(2,529)	(2,468)
Carrying amount at end of year	**91,056**	**93,585**
Plant & equipment		
Carrying amount at beginning of year	55,239	55,508
Additions	18,810	15,801
Disposals	(293)	-
Loss on sale of plant & equipment	-	(719)
Depreciation expense	(14,127)	(15,351)
Carrying amount at end of year	**59,629**	**55,239**

Note 9. Intangible assets

	2009 $	2008 $
Franchise fee		
At cost	50,000	50,000
Less accumulated amortisation	(35,833)	(25,833)
	14,167	**24,167**
Preliminary expenses		
At cost	15,627	15,627
Less accumulated amortisation	(6,713)	(5,932)
	8,914	**9,695**
	23,081	**33,862**

Notes to the financial statements continued

	2009 $	2008 $
Note 10. Other assets		
Prepaid insurance	6,682	6,609
Investments	29,952	5,000
	36,634	**11,609**

Note 11. Payables

	2009 $	2008 $
Trade creditors	16,684	20,086
Business credit card	611	1,478
Payroll liabilities	4,500	8,841
GST liability/(refund)	(8,192)	(5,068)
Accrued audit fee	2,700	2,700
	16,303	**28,037**

Note 12. Provisions

	2009 $	2008 $
Employee benefits	**15,849**	**11,080**
Number of employees at year end	**5**	**6**

Note 13. Share capital

	2009 $	2008 $
435,809 Ordinary shares fully paid of $1 each	**435,809**	**435,809**

Note 14. Accumulated losses

	2009 $	2008 $
Balance at the beginning of the financial year	(39,702)	(59,177)
Profit after income tax	76,091	63,056
Dividends paid	(43,581)	(43,581)
Balance at the end of the financial year	**(7,192**	**(39,702)**

	2009 $	2008 $

Note 15. Cash flow statement

(a) Reconciliation of cash

	2009 $	2008 $
Cash assets	**171,567**	**161,220**

(b) Reconciliation of profit after tax to net cash provided from operating activities

	2009 $	2008 $
Profit after income tax	76,091	63,056
Non cash items		
- Depreciation	16,656	17,819
- Amortisation	10,781	10,782
- Loss on sale of plant & equipment	-	719
Changes in assets and liabilities		
- (Increase) decrease in receivables / other assets	4,170	(19,989)
- Increase (decrease) in payables	(11,734)	(17,376)
- Increase (decrease) in tax liabilities	(3,336)	6,724
- Increase (decrease) in provisions	4,769	2,929
Net cash flows from operating activities	**97,397**	**64,664**

Note 16. Directors and related party disclosures

The names of Directors who have held office during the financial year are:

Dianne Modra

Leo Haarsma

Wendy Holman

Peter Cabot (resigned 10 November 2008)

Jeffrey Pearson (resigned 10 November 2008)

Michael Howell

Jarrod Phelps

Peter Glover

Phillip Minhard (resigned 10 November 2008)

Darren Smith

John Wood (appointed 10 November 2008)

Darren Kelly (appointed 10 November 2008)

Scott Bascombe (appointed 10 November 2008)

Note 16. Directors and related party disclosures (continued)

Kerry Head replaced Wendy Holman as Secretary of Cummins District Financial Services Ltd on 10 November 2008. Wendy Holman was paid $600 for the year ended 30 June 2009 (2008: $1,800).

Apart from the above, no Director or related entity has entered into a material contract with the Company.

No Directors' fees have been paid as the positions are held on a voluntary basis.

Directors' shareholdings	**2009**	**2008**
Dianne Modra	1,000	1,000
Leo Haarsma	12,001	10,001
Wendy Holman	1,001	1,001
Peter Cabot (resigned 10 November 2008)	10,001	5,001
Jeffrey Pearson (resigned 10 November 2008)	5,001	5,001
Michael Howell	500	-
Jarrod Phelps	500	500
Peter Glover	1,000	1,000
Phillip Minhard (resigned 10 November 2008)	3,000	2,000
Darren Smith	-	-
John Wood (appointed 10 November 2008)	1,000	1,000
Darren Kelly (appointed 10 November 2008)	-	-
Scott Bascombe (appointed 10 November 2008)	-	-

Other than the purchase of shares by Leo Haarsma, Peter Cabot, Michael Howell and Phillip Minhard there was no movement in Directors' shareholdings during the period. Each share held has a paid up value of $1 and is fully paid.

Note 17. Subsequent events

There have been no events after the end of the financial year that would materially affect the financial statements.

Note 18. Contingent liabilities

There were no contingent liabilities at the date of this report to affect the financial statements.

Note 19. Segment reporting

The economic entity operates in the financial services sector were it provides banking services to its clients.

The economic entity operates in one geographic area being Cummins District, South Australia.

Note 20. Corporate information

Cummins District Financial Services Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:
18 Railway Terrace,
Cummins SA 5631

	2009 $	2008 $
Note 21. Dividends paid or provided for on ordinary shares		
(a) Dividends paid during the year		
Fully Franked dividend - 10 cents per share (2008: 10 cents)	43,581	43,581
(b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
• Franking account balance as at the end of the financial year	45,354	35,410
• Franking credits that will arise from the payment of income tax payable as at the end of the financial year	8,361	11,697
	53,715	**47,107**

	2009 $	2008 $

Note 22. Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2009 $	2008 $
Profit after income tax expense	**76,091**	**63,056**
Weighted average number of ordinary shares for basic and diluted earnings per share	**435,809**	**435,809**

Note 23. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is assisted in the area of risk management by an internal audit function.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements.

Note 23. Financial risk management (continued)

(a) Credit risk (continued)

The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount 2009 $	2008 $
Cash assets	171,567	161,220
Other assets - investments	29,952	5,000
Receivables	87,163	91,406
	288,682	**257,626**

The Company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables is due from Bendigo and Adelaide Bank Ltd.

None of the assets of the Company are past due (2008: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Note 23. Financial risk management (continued)

(b) Liquidity risk (continued)

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount $	Contractual cash flows $	1 year or less $	Over 1 to 5 years $	More than 5 years $
30 June 2009					
Payables	16,303	(16,303)	(16,303)	–	–
	16,303	**(16,303)**	**(16,303)**	**–**	**–**
30 June 2008					
Payables	28,037	(28,037)	(28,037)	–	–
	28,037	**(28,037)**	**(28,037)**	**–**	**–**

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount 2009 $	2008 $
Fixed rate instruments		
Financial assets	101,841	64,786
Financial liabilities	-	-
	101,841	**64,786**

Note 23. Financial risk management (continued)

(c) Market risk (continued)

	Carrying amount 2009 $	2008 $
Variable rate instruments		
Financial assets	69,726	96,434
Financial liabilities	-	-
	69,726	**96,434**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2008 there was also no impact. As at both dates this assumes all other variables remain constant.

(d) Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The Company does not have any unrecognised financial instruments at year end.

(e) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

(i) the Distribution Limit is the greater of:

  (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

Note 23. Financial risk management (continued)

(e) Capital management (continued)

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2009 can be seen in the Income Statement.

There were no changes in the Company's approach to capital management during the year.

Directors' declaration

In accordance with a resolution of the Directors of Cummins District Financial Services Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

   (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Peter Glover
Director

Signed in Cummins on 18 September 2009

Richmond Sinnott & Delahunty
Chartered Accountants

Partners:
Kenneth J Richmond
Warren J Sinnott
Philip P Delahunty
Brett A Andrews

***INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF CUMMINS DISTRICT
FINANCIAL SERVICES LIMITED***

SCOPE

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Cummins District Financial Services Limited, for the year ended 30 June 2009.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

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ABN 60 616 244 309

INDEPENDENCE

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

AUDIT OPINION

In our opinion, the financial report of Cummins District Financial Services Limited is in accordance with:

(a) the Corporations Act 2001 including:

(i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W Sinnott.

W. J. SINNOTT
Partner
Bendigo

Date: 18 September 2009

Cummins District **Community Bank**® Branch
18 Railway Terrace, Cummins SA 5631
Phone: (08) 8676 2997 Fax: (08) 8676 2901

Wudinna Agency
44 Eyre Highway, Wudinna SA 5652
Phone: (08) 8680 2969 Fax: (08) 8680 2971

Franchisee: Cummins District Financial Services Limited
18 Railway Terrace, Cummins SA 5631
Phone: (08) 8676 2997 Fax: (08) 8676 2901
ABN: 11 068 049 178

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Bendigo and Adelaide Bank Limited,
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Bendigo Bank